

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

CENTOCOR ORTHO BIOTECH,
INC.

Plaintiff,

v.

GENENTECH, INC. and CITY OF
HOPE

Defendants.

Case No. CV 08-03573 MRP (JEMx)

**JOINT STIPULATION REGARDING
DEFENDANT GENENTECH INC.'S
MOTION TO AMEND THE
STIPULATED PROTECTIVE
ORDER**

Discovery Cut-Off: April 30, 2010

Pretrial Conference: N/A

Trial Date: N/A

GENENTECH, INC. and CITY OF
HOPE

Counter-Plaintiffs,

v.

CENTOCOR ORTHO BIOTECH,
INC.

Counter-Defendant

AND

GLOBAL PHARMACEUTICAL
SUPPLY GROUP, LLC,
CENTOCOR BIOLOGICS, LLC,
AND JOM PHARMACEUTICAL
SERVICES, INC.

Third-Party Defendants.

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ISSUE IN DISPUTE

Genentech, Inc. seeks to amend the October 20, 2009 Stipulated Protective Order (“Protective Order”) to add the following paragraph so that it can share documents with other outside counsel for purposes of investigating and potentially commencing a collateral arbitration proceeding.

“26. Notwithstanding the foregoing, certain Confidential Material produced by Centocor consisting of (1) the Patent License Agreement between Celltech Therapeutics Limited (“Celltech”) and Centocor dated March 31, 1998; (2) the Patent License Agreement between UCB Pharma S.A./UCB Celltech and Centocor dated October 1, 2008 and all collateral agreements between those parties dated on or around October 1, 2008; (3) correspondence between Centocor and Celltech concerning such agreements; and (4) testimony concerning such agreements (collectively the “Potential Arbitration Material”) may be divulged to Williams & Connolly LLP, outside counsel to Genentech, for the purposes of counseling Genentech and, if necessary, noticing and commencing a private AAA arbitration proceeding against UCB Celltech and/or its subsidiaries (the “Genentech/Celltech Arbitration”). The Potential Arbitration Material may be disclosed in the ordinary course of the Genentech/Celltech arbitration only to the parties, the AAA and to such other witnesses or persons agreed to by the parties to the arbitration or ordered by the tribunal. Within thirty (30) days of the conclusion of the Genentech/Celltech Arbitration, including any appeal therefrom, Genentech shall inform Centocor of the conclusion of the arbitration and Centocor shall have the option to request the procedure enumerated in ¶ 21 of this Stipulated Protective Order, with Genentech able to take advantage of the exceptions contained therein.”

GENENTECH’S POSITION

Genentech, Inc. (“Genentech”) seeks a modification of the Protective Order for the limited purpose of allowing it to provide certain discovery materials produced in

1 this matter to additional outside counsel in order to allow that counsel to assist
2 Genentech in evaluating and pursuing potential claims in a private arbitration against a
3 third party—UCB Celltech (collectively with its affiliates, “Celltech”). Based on
4 Genentech’s review of the discovery materials identified in the proposed modification
5 to the Protective Order (and referred to as “Potential Arbitration Material”), which
6 material was produced by Centocor Ortho Biotech, Inc. (“Centocor”) in the pending
7 litigation, Genentech believes that Celltech breached various provisions of the
8 Amended and Restated Collaboration Agreement between Genentech and Celltech
9 dated March 2, 2001 (the “2001 License Agreement”), as well as the covenant of good
10 faith and fair dealing implied in every contract under applicable New York law, by,
11 *inter alia*, entering into a collusive agreement with its sub-licensee Centocor, by
12 which Celltech and Centocor agreed to treat the sub-license as “terminated,” and
13 thereby to deprive Genentech of its share of royalties on sales of Remicade payable by
14 Celltech.

15 Genentech sought to avoid bothering the Court with this Motion, citing to Centocor
16 some of the Ninth Circuit authority encouraging trial courts to modify protective
17 orders in order to avoid slowing down other matters, particularly where (as here) any
18 interest in avoiding public disclosure is more than satisfied by the fact that the
19 documents will be used only in a private, confidential arbitration solely against
20 Celltech, the only other party to the relevant agreements. *See Foltz v. State Farm Mut.*
21 *Auto. Ins. Co.*, 331 F.3d 1122, 1131-33 (9th Cir. 2003). Centocor, however, declared
22 itself unable to consent to modify the Protective Order unless Genentech secures the
23 “written approval” of Celltech (a non-party to the Court’s Protective Order, but the
24 respondent in any arbitration). Celltech has not approved.

25 **Background**

26 ***The Protective Order.*** On October 20, 2009, the Court entered a protective
27 order which allows the parties to designate certain discovery materials as
28

1 “Confidential Material.” *See* Protective Order ¶ 4 (attached as Ex. A). Among other
2 restrictions, any document so designated cannot be “used for any purpose other than
3 this action,” *id.* ¶ 7(a), nor can it be shared with any of the parties’ outside counsel
4 other than counsel of record, *id.* ¶¶ 7-8. The protective order provides that either party
5 may seek to modify it with the consent of the other party or by seeking an order from
6 the Court. *Id.* ¶ 22(b).

7 ***The Reason for this Motion.*** Based on review of the Potential Arbitration
8 Materials, Genentech believes it has claims against Celltech for breaches of the 2001
9 License Agreement. It wishes to explore these matters with Williams & Connolly
10 LLP, its outside counsel retained for this purpose and, if appropriate, commence a
11 private arbitration proceeding against Celltech.¹ Genentech has put Celltech on notice
12 of four breaches, *see* Ex. C, and now wishes to share with its outside counsel: (1) the
13 Patent License Agreement between Celltech Therapeutics Limited (“Celltech”) and
14 Centocor dated March 31, 1998; (2) the Patent License Agreement between UCB and
15 Centocor dated October 1, 2008 and all collateral agreements between those parties
16 dated on or around October 1, 2008; (3) correspondence between Centocor and
17 Celltech about the agreements; and (4) testimony concerning such agreements.

18 Williams & Connolly has agreed to sign whatever modified confidentiality
19 order is entered, and the possible AAA arbitration between Genentech and Celltech
20 presents no risk of disclosure because it is a private proceeding under the 2001
21 License Agreement.²

23 ¹ The 2001 License Agreement provides for AAA arbitration in New York between
24 Genentech and Celltech for claims arising out of that agreement in which “the
25 arbitration proceeding and arbitrator’s decision shall be confidential and the
arbitral tribunal shall issue appropriate protective orders.” 2001 License
Agreement at ¶ 8.12(b)(v), Ex. B.

26 ² *See* Introductory Guide to AAA Arbitration & Mediation, at 4, *available at*
27 <http://www.adr.org/si.asp?id=6030> (“Arbitration, Mediation and other forms of
28 ADR are generally not open to public scrutiny like disputes settled in court. The
hearings and awards are kept private and confidential”);

Genentech's Efforts to Resolve the Matter. Genentech wrote Centocor on April 5, 2010 in an effort to avoid bothering the Court with this Motion, reminding Centocor of the case law discouraging parties from using protective orders to slow the progress of collateral litigation. *See Foltz*, 331 F.3d at 1131 (stating that Ninth Circuit “strongly favors access to discovery materials to meet the needs of parties engaged in collateral litigation”). Centocor advised that it would not consent without Celltech’s “written approval.” This position was suggestive of a classic run-around; Celltech is not a party to the Court’s Protective Order; nor did it produce the documents at issue to Genentech; and Genentech was willing to ensure the discovery materials remained confidential. But, in another effort to avoid burdening the Court with this Motion, Genentech asked Celltech whether it consented on May 20. Celltech responded that it was unable to respond on the merits without more information about what possible disputes exist between it and Genentech—despite having received no less than five prior letters putting it on notice of various apparent breaches of the 2001 License Agreement, including claims arising out of the purported 2008 “termination” of the Remicade sub-license.

Pursuant to Local Rule 37-1, Genentech served a meet-and-confer demand letter on Centocor on June 4, 2010. In the meet-and-confer conference call that occurred on June 14, Genentech repeated its willingness to ensure that the discovery materials remain confidential. Centocor again refused to consent to the modification, thus requiring the filing of this Motion.

Argument

The protective order in this case is a blanket order in which the party producing the document determines whether to apply confidential treatment in the first instance “without court intervention.” *Verizon Cal. Inc. v. Ronald A. Katz Tech. Licensing, L.P.*, 214 F.R.D. 583, 586 (C.D. Cal. 2003); *see also* Protective Order ¶¶ 4 & 6. Such orders “are inherently subject to challenge and modification, as the party resisting

disclosure generally has not made a particularized showing of good cause with respect to any individual document.” *San Jose Mercury News, Inc. v. U.S. Dist. Ct.-N. Dist.*, 187 F.3d 1096, 1103 (9th Cir. 1999). Thus, although Genentech is moving to modify the Protective Order, it is Centocor’s burden to demonstrate that the proposed modification affords insufficient protection. *Verizon Cal.*, 214 F.R.D. at 586; *see Foltz*, 331 F.3d at 1130-31 (noting party seeking protection bears the burden of showing “specific” need and finding blanket order to be poor basis for upholding protection); *Contratto v. Ethicon, Inc.*, 227 F.R.D. 304, 308 (N.D. Cal. 2005) (agreeing with *Verizon California* on basis that “*Foltz* is clear”).³

Genentech’s motion to modify the Court’s Protective Order should be granted. *First*, the policies in this Circuit strongly favor modification of protective orders to serve the needs of litigants in collateral litigation. *Second*, the documents as to which Genentech seeks to modify the Protective Order go to the heart of the potential collateral litigation and thus amply satisfy the minimal relevance inquiry articulated by the *Foltz* court. *Third*, Centocor has no reliance interest in this blanket protective order that would justify denying modification, especially given the protections of confidential information that would remain. *Fourth*, judicial economy encourages the requested limited modification of the Order. The alternative is to force Genentech to file an arbitration without the benefit of outside counsel’s prior review of the materials, and without any opportunity for a resolution of the matter without filing an arbitration proceeding.

1. Modification is Warranted to Serve the Interests of Collateral Litigation.

“Ninth Circuit precedent strongly favors disclosure to meet the needs of parties

³ Even if the burden of showing good cause fell on Genentech as the party seeking modification, ample good cause is shown, for the reasons that follow. *See CBS Interactive, Inc. v. Etilize, Inc.*, 257 F.R.D. 195, 205-06 (N.D. Cal. 2009) (granting relief under *Foltz* and *Beckman Indus., Inc. v. Int’l Ins. Co.*, 966 F.2d 470 (9th Cir. 1992)).

1 in pending litigation.” *Beckman Indus., Inc. v. Int’l Ins. Co.*, 966 F.2d 470, 475 (9th
2 Cir. 1992), *cert. denied sub nom Int’l Ins. Co. v. Bridgestone/Firestone, Inc.*, 506 U.S.
3 868 (affirming order by this Court modifying protective order); *see also, e.g., Foltz*,
4 331 F.3d at 1131-34; *Olympic Refining Co. v. Carter*, 332 F.2d 260, 264-65 (9th Cir.
5 1964), *cert. denied*, 379 U.S. 900 (reversing district court denial of motion to
6 intervene and modify protective order for collateral litigation purposes). Indeed, it is
7 widely understood that “protective orders need not remain in place permanently, and
8 they are not immutable in their terms. . . . Where modification is designed to enable
9 litigants to use information in other cases, modification can serve important efficiency
10 and litigation fairness goals.” Charles Alan Wright, Arthur R. Miller, & Richard L.
11 Marcus, 8A *Federal Practice & Procedure* § 2044.1 (3d ed. 2010). Accordingly, the
12 Protective Order should be modified so that “the fruits of one litigation . . . [will]
13 facilitate preparation in other cases.” *Foltz*, 331 F.3d at 1131. The Ninth Circuit has
14 declared that doing so “advances the interests of judicial economy by avoiding the
15 wasteful duplication of discovery.” *Id.* These issues typically arise in litigation where
16 a third-party litigant in the collateral case moves to intervene so as to access discovery
17 in one case for use in its own. *See, e.g., id.* at 1134; *Beckman*, 966 F.2d at 471-72. In
18 those cases, courts seek to avoid litigants having to “reinvent the wheel.” 8A *Federal*
19 *Practice & Procedure* § 2044.1. The efficiency gains are even more pronounced here,
20 because Genentech *already has* the discovery it seeks and wishes only to share the
21 materials with counsel to evaluate and prepare a different case. Thus, denying
22 modification here would impose on Genentech the empty exercise of seeking
23 materials that it already has through the arbitration, to “[i]nvent the wheel” it has
24 already invented. *See CBS Interactive, Inc. v. Etilize, Inc.*, 257 F.R.D. 195, 205-06
25 (N.D. Cal. 2009) (allowing plaintiff to use discovery in collateral state litigation
26 against same defendant).

27 Courts routinely modify protective orders so that litigants can use discovery in
28 an arbitration. In *Guzhagin v. State Farm Mutual Automobile Insurance Co.*, No. 07-

1 4650, 2009 WL 294305 (D. Minn. Feb. 5, 2009), for example, the defendant found
2 itself embroiled in a litigation and several collateral arbitrations, *id.* at *1. The district
3 court affirmed the magistrate judge’s decision that it was a waste of litigation
4 resources to require the defendant to retake that discovery in the arbitration, *see id.* at
5 *2, and it modified the protective order so that the defendant could use the discovery
6 if it entered into confidentiality orders prior to using the information (as Genentech
7 proposed to do), *see id.* at *3. *See also Farm Bureau Mut. Ins. Co. v. AIG, Inc.*, Slip
8 Op. at 3 (Ex. D), No. 4:03-cv-10050, Dkt. No. 238 (S.D. Iowa Dec. 30, 2005).

9 Genentech has a “reasonable need[]” to share discovery already in its
10 possession with outside counsel “in other litigation,” *i.e.*, a potential arbitration
11 proceeding. *Olympic Refining*, 332 F.2d at 264. The courts in this Circuit have
12 recognized the propriety of modifying protective orders for this purpose since at least
13 1964. Genentech’s motion should be granted.

14 **2. The Documents Sought are Plainly Relevant to the Collateral**
15 **Proceeding.**

16 The Court can readily satisfy itself that “the degree of overlap in facts, parties,
17 and issues between the suit covered by the protective order and the collateral
18 proceedings” indicate that the materials at issue may be relevant to the anticipated
19 arbitration. *Foltz*, 331 F.3d at 1132 (quoting Laurie Kratky Dore, *Secrecy by*
20 *Consent: The Use and Limits of Confidentiality in the Pursuit of Settlement*, 74 Notre
21 Dame L. Rev. 283, 366-67 (1999)). The materials at issue more than satisfy this
22 “rough estimate of relevance.” *Id.*

23 The Potential Arbitration Materials are not just relevant to the additional
24 proceeding, they were the means by which Genentech learned of its potential claims
25 against Celltech and form part of their factual basis. Genentech does not seek to
26 modify the Protective Order with respect to all documents produced by Centocor in
27 this matter: it instead requests a limited modification specifically tailored to
28 Genentech’s dispute with Celltech, allowing access to: (a) the two license agreements

1 between Celltech and Centocor—the one from 1998 that Centocor purportedly
2 “terminated,” and the 2008 replacement agreement; (b) agreements and documents
3 evidencing communications between agents of Centocor and Celltech with respect to
4 the two license agreements and (c) deposition testimony discussing these two
5 agreements.

6 **3. Centocor Has No Legitimate Interest in Blocking Modification of the**
7 **Order.**

8 While the Court should also consider the interests of the party opposing
9 modification, the only interest Centocor could have is its reliance interest in having
10 produced the documents under the previous order. *See Foltz*, 331 F.3d at 1133
11 (analyzing parties’ interests and addressing reliance interest); *Beckman*, 966 F.2d at
12 475-76. Because “‘reliance will be less with a blanket protective order, because it is
13 by nature over-inclusive,’” the Ninth Circuit has held that “reliance on a blanket
14 protective order in granting discovery . . . , without more, will not justify a refusal to
15 modify.” *Foltz*, 331 F.3d at 1133 (alterations omitted) (quoting *Beckman*, 966 F.2d at
16 475).

17 Moreover, “[a]ny legitimate interest . . . in continued secrecy as against the
18 public at large can be accommodated by placing [Genentech] under the same
19 restrictions on use and disclosure contained in the original protective order.” *Id.* at
20 1133 (second alteration added) (quoting *United Nuclear*, 905 F.2d at 1428).
21 Genentech has already offered to have Williams & Connolly sign any stipulation,
22 order, or agreement to keep the materials confidential. Genentech’s additional
23 litigation counsel has appeared before this Court (in the *MedImmune v. Genentech et*
24 *al.* litigation), complied in all respects with prior protective orders of the Court, and is
25 willing to execute any modified order that allows counsel to assist Genentech. And
26 the materials would then be used only in a private arbitration. *See Oehmke*,
27 *Commercial Arbitration*, § 25:103 (“The privacy of arbitration is a kingpin of its
28 attractiveness.”); 2001 License Agreement at ¶ 8.12(b)(v), Ex. B.

1 **4. Common Sense Counsels in Favor of Modification.**

2 Genentech has proposed a change to the Protective Order that is calculated to
3 preserve the legitimate interests of a protective order—avoiding public disclosure and
4 competitive injury. *See* Protective Order, “Good Cause Statement” (a)-(k). No
5 competitive injury is possible, because the materials are already familiar to all the
6 participants: Centocor was the original counter-party to the agreements and
7 communications at issue, and produced them in discovery in this proceeding; Celltech
8 of course is the other party to the agreements and communications; and Genentech has
9 already reviewed these materials because they were produced in this litigation.
10 Genentech is of course not seeking to use the information in question in the
11 competitive marketplace or to broadcast it to the public. It seeks only to obtain advice
12 from outside counsel who will be bound by whatever protective order the Court
13 enters, and if necessary to pursue claims in a private arbitration.

14 It would be hard to imagine a stronger case for modifying a protective order
15 than the present circumstance where: the only party who would gain access to the
16 materials by the requested modification already has them; the party opposing
17 modification can be motivated only by its role in the conduct at issue in the collateral
18 proceeding; and the collateral proceeding is one governed by strict confidentiality
19 even before it is instituted. A protective order is meant to shield information from
20 public disclosure, not to shield a litigant from potential claims.

21 **Conclusion**

22 For the foregoing reasons, the motion to modify the Protective Order should be
23 granted.
24

25 **CENTOCOR’S POSITION**

26 Genentech asks this Court to modify the Protective Order in this case so that it
27 can do exactly what the parties agreed could *not* be done when that Order was
28

1 negotiated. When the parties negotiated the Protective Order they expressly agreed in
2 numerous provisions that Confidential Material provided during discovery “is not to
3 be copied or used except for the limited purpose of conducting this litigation.”
4 Genentech, however, now wants to do exactly the opposite – it wants to take
5 information which is confidential not only to party Centocor but also to third party
6 Celltech outside of this case in an attempt to have its outside lawyers drum-up claims
7 against Celltech. As Genentech’s reasons for modification ring hollow, this Court
8 should continue to enforce the terms of its Protective Order and deny Genentech’s
9 motion to modify the order for purposes of what is nothing more than a fishing
10 expedition.

11 **Additional Background**

12 ***The Protective Order.*** The Protective Order in this case was negotiated
13 between the parties over many months. In fact, it was not until almost seventeen
14 months after this case was filed that the parties were able to agree on a Protective
15 Order to be presented to the Court for entry. Among the provisions agreed to as part
16 of that negotiation between the parties are the following:

17 Categories of “Confidential” documents, information, or
18 other discovery that the parties may seek to designate under
19 this Protective Order include the following: (a) Information
20 that is the subject of a non-disclosure or confidentiality
21 agreement or obligation;

22 . . .

23 (i) Information relating to . . . actual or potential licensing of
24 intellectual property or technology; and licensing policies,
25 practices, or strategies.

26
27 (Ex. A at 3, 5).
28

1 The parties also agreed in no fewer than three different provisions in the
2 Protective Order that under no circumstances was the Confidential Information
3 exchanged in this case to be used outside of this litigation:

4 4. . . . Confidential Material, designated as such in
5 accordance with this Order, shall be disclosed or made
6 available only to persons specified in Paragraphs 7 and 8
7 herein, and *is not to be copied or used except for the limited*
8 *purpose of conducting this litigation*, including preparing
9 exhibits for affidavits, depositions, hearings, or for trial.

10
11 7. (a) Confidential Material, and any analysis or report
12 containing Confidential Material, *shall not be made public*
13 *by the Receiving Party nor used for any purpose other than*
14 *this Action...*

15
16 12. The information produced by the parties or a non-party
17 pursuant to pretrial discovery in this Action *may be used*
18 *and disclosed only for purposes of this Action.*

19
20 (Ex. A) (emphasis added).

21 ***Background of the Production of the Celltech Agreements and Collateral***
22 ***Materials.*** Because the 2008 Celltech/Centocor agreements contained confidentiality
23 provisions that restricted their disclosure absent Celltech's prior consent, which
24 Celltech had not provided, Centocor originally refused to produce them. Such a
25 refusal is not unprecedented in this case; Genentech has refused to produce several
26 agreements in which it has licensed the patent-in-suit to third parties because of
27 confidentiality restrictions in those agreements. Ultimately, Centocor produced the
28 agreements and collateral materials to Genentech only after the Court ordered their

1 production in response to Genentech's ex parte application (Ex. E). Genentech argued
2 at the time that it needed access to the agreements in conjunction with contract issues
3 then being briefed in this case (having to do with the scope of the covenant-not-to-sue
4 Genentech granted to Centocor in a 1994 agreement). Not surprisingly (since, as
5 Centocor explained at the time, the 2008 Centocor/Celltech Agreements could have no
6 bearing on the scope of a covenant-not-to-sue granted by Genentech to Centocor in
7 1994), Genentech made only one passing reference to the agreements in a footnote in
8 its briefing on the covenant-not-to-sue issues.

9 What is now apparent is that Genentech has used the 2008 Celltech agreements
10 and collateral materials ("Potential Arbitration Materials") in direct violation of the
11 Stipulated Protective Order in this case which provides that Confidential Material
12 cannot be "used for any purpose other than this action" (Ex. A at ¶ 7(a), emphasis
13 added). Genentech states that, based on its review of these materials, it believes it has
14 a claim against Celltech and that the Materials "were the means by which Genentech
15 learned of its potential claims against Celltech and form part of their factual basis."
16 Having already violated the Protective Order, Genentech now seeks to amend the
17 Order, in essence, to allow it to reap the benefits of its violations.

18 ***Genentech's Purported "Efforts" to Resolve This Matter.*** In its portion of the
19 brief, Genentech attempts to suggest that it went to great lengths to "avoid bothering
20 the Court with this Motion." Genentech's tactics on this entire issue, however,
21 suggest the opposite. From the very beginning of this dispute, Genentech has evaded
22 both Centocor's and Celltech's requests to identify exactly what it is that Genentech
23 seeks to disclose to the lawyers at Williams and Connolly whom it has hired to try to
24 patch together a claim against Celltech. It was not until *after* Genentech and Centocor
25 held a meet and confer on this issue and *after* Genentech provided Centocor with its
26 portion of this motion that Genentech identified the Celltech-Centocor
27 communications that it seeks to disclose.

28 Genentech also seeks to disclose testimony of Centocor witnesses Ken Dow and

1 Nicholas Daleandro, yet, in spite of requests for it to do so, Genentech is still refusing
2 to identify what portions of those depositions it seeks to include as part of its endeavor
3 (Ex. F). Simply put, waiting until after it has drafted its motion to identify some (and
4 not even all) the materials it seeks to disclose to its outside lawyers and to use for
5 purposes outside this litigation does not reflect a party that wanted to avoid this
6 motion.

7 **Centocor's Argument**

8 Genentech's motion to allow Confidential Information of Centocor and third-
9 party Celltech to be disclosed to lawyers at Williams and Connolly should be denied
10 for numerous reasons. First, Genentech fails to cite to a single case indicating that a
11 court should modify a protective order to permit one party to use another party's
12 confidential information for purposes of trying to craft claims to assert against a third-
13 party. Second, Celltech, the third-party that Genentech seeks to try to craft claims
14 against, deserves special protection in this instance as it is not a party to this litigation
15 and its confidential information is at stake here as well. Third, Centocor has an
16 interest in protecting its Confidential Information from disclosure. Fourth, Genentech
17 admits that it does not need this modification to pursue any alleged claims against
18 Celltech. Accordingly, Genentech's motion should be denied.

19 **1. Modification Is *Not* Warranted As There Is No Collateral Litigation**

20 Genentech relies on a number of cases allegedly supporting the modification of
21 a protective order for "collateral litigation purposes." Genentech, however, misses
22 one simple point – that case law is wholly inapplicable here as there is *no collateral*
23 *litigation* pending.

24 Genentech has failed to provide a single case where a court permitted
25 modification of a Protective Order for purposes of allowing lawyers access to
26 materials to try to craft together claims against a third-party. With no law to support
27 its position, Genentech erroneously relies on cases such as *Foltz v. State Farm Mut.*
28

1 *Auto. Ins. Co.*, 331 F.3d 1122 (9th Cir. 2003). Yet *Foltz* involved a situation where
2 there was a collateral action filed after the settlement of an earlier case and certain
3 parties to the collateral action moved to seek access to discovery materials from the
4 earlier case. These are certainly not the facts here. What Genentech seeks to do here
5 is to modify the Protective Order for purposes of *trying to bring a collateral action*.
6 But *Fultz* provides no support for Genentech's attempts to do that.

7 Genentech's remaining "support" for its position is equally misplaced. For
8 example, Genentech cites to *Guzhagin v. State Farm Mutual Automobile Insurance*
9 *Co.*, No. 07-4650, 2009, WL 294305 (D. Minn. Feb. 5, 2009), yet acknowledges that
10 the case involved a defendant "embroiled in a litigation and several collateral
11 arbitrations" and the purpose of the modification was to prevent the defendant from
12 retaking certain discovery. Again, however, this is not the case here. Genentech is not
13 seeking to preserve resources by using discovery from one proceeding in another
14 pending proceeding. It is seeking to use confidential information from one action so
15 that its hired lawyers can attempt to find a basis to bring a "collateral litigation."

16 Genentech starts its entire legal section by pointing out that "Ninth Circuit
17 precedent strongly favors disclosure to meet the needs of parties *in pending*
18 *litigation*." The alleged litigation against Celltech is *not pending anywhere* making all
19 of Genentech's legal support irrelevant. In fact, Genentech's reliance on these
20 inapplicable cases means one thing – it has no legal support for what it seeks to do.

21 **2. The Law Provides For Extra Protection For Third-Parties Like** 22 **Celltech In This Instance**

23 The information that Genentech seeks to disclose is not only Centocor's
24 Confidential Information, it is Celltech's as well. Celltech, however, is not a party to
25 this litigation and, in fact, it does not appear that Genentech ever provided notice to
26 Celltech that it was making this motion. In instances such as these, however, the
27 Court should afford special protections to a third party.

28 Celltech entered into agreements with Centocor with the understanding that

1 they would be maintained confidential. Those agreements were produced to
2 Genentech in this action under Court order but also subject to the protections of the
3 Protective Order. Genentech has already violated the terms of that Order by using the
4 Confidential Celltech agreements and related materials for purposes of trying to trump
5 up claims against Celltech. Now it wants to go even farther and use the materials in
6 an arbitration it hopes to institute against Celltech. If the terms of any arbitration
7 agreement between Celltech and Genentech allow for document discovery, then
8 Genentech can seek the materials directly from Celltech in that proceeding. But,
9 respectfully, the confidentiality expectations of Celltech when it entered into its
10 agreements with Centocor should not be undone by this Court in this lawsuit.
11 Modifying the Protective Order here to allow Genentech to make use of Confidential
12 materials against third party Celltech would set a precedent undermining the valid
13 expectations that any third party should have about the protection of its Confidential
14 Information when it is produced in a lawsuit to which it is not a party.

15 **3. Centocor Has An Interest In Having Its Confidential Information**
16 **Remain under the Full Protection of The Protective Order**

17 Centocor also has an interest in preventing Genentech's modification to the
18 Protective Order. For example, the two new Centocor-Celltech agreements that
19 Genentech seeks to disclose each have confidentiality provisions that restrict
20 disclosure of the agreements' terms absent Celltech's prior written consent. As
21 Genentech acknowledges in its motion, Celltech has not provided that consent.
22 Similarly, with regard to the correspondence that Genentech seeks to disclose, that too
23 is subject to confidentiality provisions present in the 1998 Centocor-Celltech
24 agreement. Again, Celltech has not provided its consent for disclosing these
25 documents. Centocor has an interest in preventing Genentech from forcing what is
26 essentially a breach of that agreement by virtue of its desire to have outside lawyers at
27 Williams and Connolly conduct a fishing expedition.
28

1 **4. Modification Is Not Necessary for Genentech’s Purposes**

2 Nowhere does Genentech state that modification of the Protective Order is
3 necessary for it to pursue its alleged claims against Celltech. In fact, Genentech
4 admits that this is not the case: “The alternative is to force Genentech to file an
5 arbitration without the benefit of outside counsel’s prior review of the materials”
6 Thus, Genentech is free to file whatever claims it believes it has against Celltech and
7 to seek discovery as part of that collateral proceeding to the extent allowed. If the
8 arbitration agreement between Genentech and Celltech limits discovery, then
9 Genentech should not be able to avoid that limitation by using information it
10 requested in this lawsuit for different purposes. There is simply no need for the Court
11 to modify the Protective Order here as Genentech admits that it is still able to file its
12 arbitration against Celltech without the proposed modification.

13 **Conclusion**

14 Genentech’s motion should be denied. Genentech has failed to provide any
15 legal support for allowing modification of a protective order to allow one party’s
16 confidential information to be used to conduct a fishing expedition to try to craft
17 claims to bring against a third-party. The Protective Order that the parties negotiated
18 and agreed to should remain unchanged.
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Respectfully submitted,

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